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UNCLAS STATE 125658

E.O. 12958: N/A  
TAGS: [KNNP](#) [MNUC](#) [PARM](#) [IR](#)  
SUBJECT: COORDINATED DEMARCHE ON IRAN WITH EUROPEAN  
LIKEMINDED

REF: STATE 125441

11. (U) This is an action request. Please see paragraph 5.

12. (SBU) OBJECTIVE: To participate in a joint demarche with France, Germany, Italy, and the United Kingdom to the Republic of Korea and Malaysia regarding the implementation of national sanctions measures on Iran.

13. (SBU) BACKGROUND: Since July 2008, the United States has been engaged with France, Germany, and the United Kingdom in an effort to prompt the implementation of the strongest possible national sanctions measures on Iran in response to its noncompliance with its international obligations. This effort was motivated in part by the resistance of Russia and China to additional UN Security Council sanctions. Our goal has been two-fold: 1) to assemble a "menu of options" for national measures that could be pursued by likeminded states; and, 2) to use these options to prompt other states to take action against Iran in order to create the greatest possible pressure on Iran. Italy joined the group in October 2008 and there are now plans to conduct outreach to Canada, Australia, Japan, South Korea, the Netherlands, and Denmark starting on 12 December 2008.

14. (SBU) BACKGROUND CONT: In furtherance of our overall objectives, France, the UK, Italy, and Germany have proposed a joint demarche on Malaysia and South Korea to convey views on measures to prevent Iran's access to the international financial sector and oil/gas business relationships and relevant technology. These measures and points ) provided below and in REF A ) have been agreed upon by the likeminded group, which has indicated interest in doing so between 24 November and 2 December 2008.

15. (SBU) ACTION REQUEST: Using the background in paragraphs 3-4 and points contained in REF A, Posts are requested to conduct a joint demarche to the Republic of Korea and Malaysia at the highest appropriate levels. Washington defers to Posts with respect to the logistics of this demarche and coordination with French, German, Italian, and UK Posts in capitals. In conveying this demarche, Posts should provide copies of the non-paper provided in paragraph 16.

16. (SBU) NON-PAPER ON CONVENTIONAL ENERGY RELATIONSHIPS

-- Major new deals with Iran, especially those involving investment in Iran's oil and gas sectors, undermine global efforts to compel Iran's compliance with its international obligations.

-- Such deals suggest to the Iranian regime that the international community is willing to take a "business as usual" approach with respect to its relations with Iran, despite Iran's continuing pursuit of a nuclear weapons capability and failure to cooperate fully with the International Atomic Energy Agency (IAEA).

-- They also undermine the P5 1's June 2008 offer of enhanced economic and energy engagement as an inducement for Iranian

compliance, impeding efforts to achieve a diplomatic solution to international concerns.

-- Companies should ask themselves whether they want to do business with a country already under sanctions from three UNSC Chapter 7 resolutions, sanctions that were reaffirmed by the UN Security Council on 27 September 2008 with the unanimous adoption of UNSCR 1835.

-- The business and reputational risk presented by engaging in such deals with Iran is significant, as a result of its defiance of international normative standards of behavior. Iran's credit risk rating has gone up, and many banks have stopped issuing letters of credit to companies seeking to do business with Iran.

-- We encourage your government to discourage domestic firms from entering into new energy investments with Iran.

END NON-PAPER

17. (SBU) Post is requested to report any substantive response by 2 December 2008. Richard Nephew (ISN/RA, 202-647-7680, NephewRM@state.sgov.gov) and Sonata Coulter (EEB/TFS, 202-647-5027, CoulterSN@state.sgov.gov) are the the Department's POCs for this activity.

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